

## Message Text

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C O N F I D E N T I A L STATE 216676

FOLLOWING REPEAT SEOUL 7075 SENT SECSTATE INFO TOKYO DATED  
SEPT 10.

QUOTE

C O N F I D E N T I A L SEOUL 7075

DEPT PASS ERDA GERMANTOWN

TOKYO FOR ERDA HENOCH

EO 11652: GDS

TAGS: ETRD, ENRG, MNUC, KS

SUBJECT: KOREAN COMMERCIAL INTEREST IN REGIONAL NUCLEAR  
FUEL CYCLE FACILITY

SUMMARY: IN EARLY SEPTEMBER, 1975 SOUTH KOREAN PRIVATE  
INDUSTRY REP BRIEFED AMBASSADOR ON TENTATIVE PLAN OF  
FIRM TO ENTER INTO REGIONAL NUCLEAR FUEL CYCLE JOINT  
VENTURE WITH U.S. AND JAPANESE FIRMS. AMB EXPLAINED  
ECONOMIC AND TECHNICAL PROBLEMS INVOLVED WITHOUT WHOLLY  
DISCOURAGING REGIONAL APPROACH OUTLINED. KOREAN FIRM  
SOUGHT APPOINTMENTS WITH U.S. GOVERNMENT AND INDUSTRY  
OFFICIALS IN WASHINGTON IN LATE SEPTEMBER. ACTION  
SUGGEST APPOINTMENTS WITH APPROPRIATE US GOVERNMENT  
OFFICIALS AND INDUSTRY INTRODUCTIONS IF POSSIBLE. END SUMMARY.  
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1. ON SEPTEMBER 5, 1975 REPUBLIC OF KOREA (ROK) SAMSUNG BUSINESS GROUP PRESIDENT LEE UN-TAEK MET WITH AMBASSADOR TO BRIEF EMBASSY ON SAMSUNG'S AMBITION TO PLAY KEY ROLE IN ORGANIZING A TRINATIONAL (U.S.-R.O.K.-JAPAN) FUEL CYCLE FACILITY COMMERCIAL VENTURE AND TO SOLICIT U.S. GOVERNMENT AND INDUSTRY COMMENTS ON COMMERCIAL PRACTICALITY AND POLITICAL FEASIBILITY OF SUCH A FACILITY. PRESIDENT LEE STATED THAT SAMSUNG GROUP CHAIRMAN LEE PYONG-CHUL HAD RECENTLY RETURNED FROM JAPAN WHERE BUSINESS LEADERS IN NUCLEAR FIELD HAD STRONGLY ENCOURAGED LEE AND SAMSUNG TO TAKE LEAD IN ASSEMBLING COMMERCIAL VENTURE TO HANDLE NUCLEAR FUEL NEEDS OF EASTASIAN NATIONS BEGINNING IN 1980'S. PRESIDENT LEE STATED THAT SAMSUNG'S INITIAL FEASIBILITY STUDY HAD BEEN ENCOURAGING AND THAT GROUP NOW PLANNED TO PUT TOGETHER AN INTERNATIONALLY-SAFE-GUARDED TRI-NATIONAL JOINT VENTURE OF PRIVATE FIRMS. THIS ACTIVITY WOULD OBVIOUSLY REQUIRE THE SUPPORT OF THE FIRMS' RESPECTIVE GOVERNMENTS. THE VENTURE WOULD REQUIRE, ACCORDING TO LEE, AN INITIAL OUTLAY OF \$30-40 MILLION FOR THE FIRST STAGE (FUEL FABRICATION FACILITY) AND WOULD BE EXPANDED TO INCLUDE, BY THE MID-1980'S, A COMMERCIAL-SIZED (1500 TON) REPROCESSING PLANT IF DEMAND PROMISED A REASONABLE PROFIT AND IF POLITICAL HURDLES COULD BE OVERCOME. PRESIDENT LEE STATED THAT JAPANESE NUCLEAR AND BUSINESS LEADERS WERE ADAMANT THAT NO COMMERCIAL FUEL CYCLE FACILITY WOULD BE POSSIBLE IN JAPAN (FOR POLITICAL, ENVIRONMENTAL, GEOGRAPHIC REASONS) AND THAT JAPANESE BUSINESS LEADERS WOULD BE WILLING TO SUPPORT AND INVEST IN A SAMSUNG-LED PROJECT LOCATED OUTSIDE JAPAN.

2. SAMSUNG NEXT WISHES CONTACT WITH U.S. GOVERNMENT (TO EXPLAIN THE PROJECT AND SECURE ASSISTANCE) AND U.S. PRIVATE SECTOR (TO LOCATE A JOINT VENTURE PARTNER AND TECHNOLOGY). SAMSUNG APPARENTLY DOES NOT PLAN TO APPROACH THE ROK GOVERNMENT UNTIL IT HAS COMPLETED ITS INITIAL SURVEY. PRESIDENT LEE CONCLUDED BY REQUESTING ASSISTANCE IN ARRANGING APPOINTMENTS FOR HIM WITH U.S. (ERDA) NUCLEAR AND GOVERNMENT OFFICIALS AS APPROPRIATE AND INTRODUCTIONS TO U.S. COMMERCIAL FIRMS POSSIBLY INTERESTED IN

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JOINT VENTURE PROPOSAL. AMB EXPLAINED IN GENERAL TERMS ECONOMIC/TECHNICAL PROBLEMS INVOLVED IN REPROCESSING.

3. COMMENT: SAMSUNG'S APPROACH TO EMBASSY FOR ADVICE. AND ASSISTANCE IN ASSEMBLING A REGIONAL NUCLEAR FUEL JOINT VENTURE APPEARS TO BE A GENUINE ATTEMPT TO EXPLORE A POSSIBLE U.S. COMMERCIAL ROLE, WITH USG SUPPORT, IN WHAT IS PERCEIVED TO BE AN EXCELLENT COMMERCIAL

OPPORTUNITY FOR THE 1980'S AND '90'S. THE FACT THAT SAMSUNG HAS ELECTED NOT TO INFORM ITS GOVERNMENT OF ITS EXPLORATORY ACTIVITIES AND PRESIDENT LEE'S ASSERTION THAT SAMSUNG WANTS TO DIVORCE THE VENTURE FROM ANY POLITICAL ENTANGLEMENTS INDICATES THE FIRM'S NAIVETE AND INEXPERIENCE IN DEALING WITH THE NUCLEAR ISSUE. ON THE OTHER SIDE OF BALANCE SHEET IS THE SOLID BUSINESS AND FINANCIAL REPUTATION OF THE SAMSUNG BUSINESS GROUP (KOREA'S LARGEST) AND ITS RECENT SUCCESS IN JOINT VENTURES WITH U.S. FIRMS. PRESIDENT LEE PLANS TO ARRIVE IN THE U.S. ON ABOUT SEPTEMBER 26. EMBASSY INDICATED THAT WE WOULD LOOK INTO ARRANGING CONTACTS WITH INTERESTED U.S. OFFICIALS WHO POSSIBLY COULD, IN TURN, REFER HIM TO INTERESTED PRIVATE U.S. FIRMS. PLEASE ADVISE.  
SNEIDER  
UNQUOTE KISSINGER

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